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MT LEGISLATIVE HISTORY

Chapter 112 1989

Bill H _____ S 76 Original bill & hist. ___C

H. Committee on Business & Economic Development S. Committee on Business & Industry

Hearing Date(s)			Hearing Date(s)		
	Mar 02	✓C		Jan 11	✓C
	_____	___C		_____	___C
	_____	___C		_____	___C
	_____	___C		_____	___C
Date Out	Mar 02	✓C		Jan 11	✓C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

SB 75 INTRODUCED BY JACOBSON, ET AL.
PROVIDE FOR AUDIT OF STATE EMPLOYEE GROUP BENEFIT PLANS EVERY TWO YEARS
BY REQUEST OF LEGISLATIVE AUDIT COMMITTEE

1/06	INTRODUCED		
1/06	REFERRED TO STATE ADMINISTRATION		
1/07	FISCAL NOTE REQUESTED		
1/11	HEARING		
1/13	COMMITTEE REPORT--BILL PASSED		
1/14	FISCAL NOTE RECEIVED		
1/16	FISCAL NOTE PRINTED		
1/17	2ND READING PASSED	50	0
1/19	3RD READING PASSED	50	0
	TRANSMITTED TO HOUSE		
2/21	REFERRED TO STATE ADMINISTRATION		
3/01	HEARING		
3/01	COMMITTEE REPORT--BILL CONCURRED AND PLACED ON CONSENT CALENDAR		
3/04	3RD READING CONCURRED	93	0
	RETURNED TO SENATE		
3/10	SIGNED BY PRESIDENT		
3/10	SIGNED BY SPEAKER		
3/10	TRANSMITTED TO GOVERNOR		
3/14	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 86 EFFECTIVE DATE: 3/14/89		

SB 76 INTRODUCED BY REGAN, ET AL.
ADOPT VARIABLE CONTRACT LIFE INSURANCE LAW

1/06	INTRODUCED		
1/06	REFERRED TO BUSINESS & INDUSTRY		
1/07	FISCAL NOTE REQUESTED		
	FISCAL NOTE REQUEST CANCELLED		
1/11	HEARING		
1/12	COMMITTEE REPORT--BILL PASSED		
1/14	2ND READING PASSED	48	0
1/17	3RD READING PASSED	50	0
	TRANSMITTED TO HOUSE		
2/21	REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT		
3/02	HEARING		
3/02	COMMITTEE REPORT--BILL CONCURRED		
3/04	2ND READING CONCURRED	89	0
3/06	3RD READING CONCURRED	91	2
	RETURNED TO SENATE		
3/10	SIGNED BY PRESIDENT		
3/11	SIGNED BY SPEAKER		
3/11	TRANSMITTED TO GOVERNOR		
3/16	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 112 EFFECTIVE DATE: 10/01/89		

SB 77 INTRODUCED BY NATHE, ET AL.
RAISE COUNTY ROAD MILL LEVY

1/06	INTRODUCED		
1/06	REFERRED TO LOCAL GOVERNMENT		

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By CHAIRMAN GENE THAYER, on JANUARY 11, 1989, at 10:00 A.M.

ROLL CALL

Members Present: Chairman Thayer, Vice Chairman Meyer, Senator Boylan, Senator Noble, Senator Williams, Senator Hager, Senator McLane, Senator Weeding, Senator Lynch.

Members Excused: None

Members Absent: None

Staff Present: Mary McCue, Legislative Council

Announcements/Discussion: SB 64 and SB 76

HEARING ON SENATE BILL 76

Presentation and Opening Statement by Sponsor: Senator Regan, District 47, stated she was sponsoring the bill at the request of the Insurance Commissioner. "The bill concerns the standards for those insurance companies offering variable life insurance or variable annuities contracts. Life insurance is usually purchased to minimize, or eliminate risk. When you introduce the element of variable life or variable annuities, she felt you were introducing considerable risk. The products can be sold in the state of Montana, but there is no standard recognizing this particular type of product."

Senator Regan cited Section 2 as providing a separate account for life insurance and annuities. She stressed the stipulation of separate accounts as restricting insurers to normal contract investment law.

Section 3 on page 4 line 21 was outlined as requiring such policies to state clearly, ways in which the variable benefits would be determined. Any variation in benefits, according to investment experience of the insurer, must be stated on the front page of the policy.

Section 4, page 5 was cited as allowing the insurance department to review the financial condition of the insurer.

Section 5, page 6 was outlined as giving the insurance commissioner power to regulate and adopt rules for variable contracts.

Section 6, page 6 was depicted as restricting the insurer to insurance contract requirements.

Section 9, page 7 - line 18 was referred to as providing a grandfather clause. Therefore the bill does not affect proceedings that were begun before the effective date of this act.

List of Testifying Proponents and What Group They Represent:

Tanya Ask - Montana Insurance Department
Ken Hassler - Montana Association Life Underwriters
Patrick M. Driscoll - American Council of Life Insurance
Pete Sullivan - Himself

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Tanya Ask indicated the Montana Insurance Department wanted to go on record in support of SB 76. She cited availability or variable products already in Montana, had created a need for restrictions. She expressed the importance of the provisions in this bill. (Exhibit #1)

Ken Hassler said he was licensed to sell variable contracts in Montana, but chose not to sell them because of the high risk. He expressed a need for the bill to regulate the reputability of companies involved in variable contract sales. The Montana Underwriters Association wanted to go on record in support of SB 76 as a consumer protection measure. (Exhibit #2).

Peter Sullivan stated he has been selling the product because of client preference. He cited all provisions, in SB 76, should be in the applications and policies. He urged passage.

Patrick Driscoll said the American Council of Life Insurance was in support of the bill. He said the provisions of the bill would assist in making more facts available to

consumers in Montana.

List of Testifying Opponents and What Group They Represent: None

Questions From Committee Members: Sen. McLane asked if this bill provided protection for the consumers. Sen. Regan stated she didn't feel any bill could provide protection, but it at least, provided an avenue for the Insurance Commissioner to more closely examine such products.

Closing by Sponsor: Sen. Regan said she closed the hearing.

DISPOSITION OF SENATE BILL 76

Discussion: None

Amendments and Votes: Senator Lynch moved the statement of intent of SB 76 DO PASS.
Senator McLane seconded.
Question.
Motion carried unanimously.

Recommendation and Vote:
Senator Lynch moved SB 76 DO PASS.
Seconded by Senator McLane.
Question.
Motion carried unanimously.

DISPOSITION OF SENATE BILL 4

Discussion: Mary McCue, Legislative Council, explained the two amendments under consideration. Sen. Noble asked for clarification on the minimum container size of bulk storage. Senator Hager explained the 50 gallon minimum was set in the desire to include 55 gallon drums as bulk storage.

Amendments and Votes: Sen. Hager moved to amend SB 4 as follows (SEE EXHIBIT #3). Senator Lynch seconded. Question called. Amendment carried.

Recommendation and Vote: Sen. Lynch moved SB 4 be PASSED AS AMENDED. Sen. Hager seconded. Question. Motion carried unanimously.

DISPOSITION OF SENATE BILL 64

Discussion: Mary McCue, Legislative Council reviewed the

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

DATE 1/ 17 89

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
SENATOR DARRYL MEYER	✓		
SENATOR PAUL BOYLAN	✓		
SENATOR JERRY NOBLE	✓		
SENATOR BOB WILLIAMS	✓		
SENATOR TOM HAGER	✓		
SENATOR HARRY MC LANE	✓		
SENATOR CECIL WEEDING	✓		
SENATOR JOHN"J.D."LYNCH	✓		
SENATOR GENE THAYER	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

January 11, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration SB 76 (first reading copy -- white), respectfully report that SB 76 do pass.

DO PASS

Signed: _____
Cene Thayer, Chairman

Statement of Intent attached.

1-11-89
SB
3

SENATE BUSINESS & INDUSTRY

(This sheet to be used by those testifying on a bill.)

EXHIBIT NO. 1

DATE 1/11/89

BILL NO. SB 76

NAME: Tanya Ask

DATE: 1/11/89 1:15pm

ADDRESS: PO Box 4009 Helena 59604

PHONE: 444-2040

REPRESENTING WHOM? Montana Ins. Dept.

APPEARING ON WHICH PROPOSAL: SB 76

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENT: Testimony attached. Statement of Intent needed - exhibit 1

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1
DATE 1/11/89
BILL NO. SB 76

TESTIMONY

Senate Bill 76
Prepared by Tanya Ask
Montana Insurance Department
January 11, 1989

Variable life and annuity products appeared on the scene in the late 1970's. These products offer both traditional life insurance protection and growth potential through equity investments. Since equity investments are a major component of the insurance coverage, specialized regulation is necessary.

Variable products are currently available in the state. There is no statutory prohibition against their offer and sale. There is also no statutory recognition of their unique characteristics, so existing law is applied.

We would like to see these additional requirement which recognized the equity side of the product. The proposal before you should not be very controversial since 48 states and the District of Columbia and Puerto Rico already have similar laws on the books.

The requirements impose obligations of disclosure to the applicant or insured, impose limitations on the handling of the separate accounts which control the equity or investment portion of the life policy or annuity, and allow the commissioner to take an extra look at a company's ability to offer an equity type product, realizing this requires specialized expertise.

INS 503-5

(This sheet to be used by those testifying on a Bill.)

EXHIBIT NO. 2
DATE 1/11/89
BILL NO SB76

NAME: Ken Hoosley / MTCF DATE: 1/11/89

ADDRESS: Box 45, Blue Sky Heights Clancy Mt

PHONE: 933-8201 (H) 442-5745 (O)

REPRESENTING WHOM? Montana Assn. Life Underwriters

APPEARING ON WHICH PROPOSAL: SB 76

DO YOU: SUPPORT? X AMEND? _____ OPPOSE? _____

COMMENT: Contracts available in state now. Not regulated at present time.

Exhibit #2 attached

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 2
DATE 1/11/89
BILL NO. SB 76

Carla Turk: Business & Industry

Variable life insurance contracts and variable annuities are now being offered and issued to the citizens of Montana. The inherent nature of these contracts shifts the investment risk from the insurance company to the insured. Currently there are no regulations or rules that control these types of contracts. This legislation would address this issue. The Montana Assn. of Life Underwriters support SB76 and recommend its adoption and passage.

Ken Haeder

DATE Jan - 11 - 1983

COMMITTEE ON Business & Industry

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Tanya Ask	Montana Ins. Dept	76	✓	
Ken Haseler	Mont Assn Life Underwriters	76	✓	
LARRY AKEY	MONT ASSOC LIFE UNDERWRITERS	76	✓	
[redacted]	[redacted]	[redacted]	[redacted]	
PATRICK M. DRISCOLL	AMERICAN Council of Life Insurance	76	✓	
Ted Sullivan	Myself	76	✓	

(Please leave prepared statement with Secretary)

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

HOUSE COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT

Call to Order: By Rep. Bob Pavlovich, on March 2, 1989, at 8:30 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon and Sue Pennington

Announcements/Discussion: None

HEARING ON SENATE BILL 76

Presentation and Opening Statement by Sponsor:

Sen. Regan stated that this bill will regulate a new product which is currently being sold in Montana. It is variable life insurance or a variable annuity contract. When you buy one of these products you inject quite a bit of risk. This was developed as a means of compensating for inflation. Currently this product is being sold in Montana, it is not specifically forbidden, so they sell it and we have no standards in place which regulate the kind of product being sold. There are only three other states having no regulations dealing with this product.

Testifying Proponents and Who They Represent:

Stuart Doggett, State Auditor's Office
Larry Akey, MT Association of Life Underwriters

Proponent Testimony:

Mr. Doggett said equity investments are a major component of insurance coverage, and special regulation as provided in this bill is necessary. Variable products are currently available in Montana. We would like to see the requirements of this bill in place, they require obligations of disclosure to the applicant or insured and limitations on the handling of the separate accounts.

Mr. Akey these are increasingly popular form of life insurance among the more sophisticated insurance consumers. We encourage a do pass recommendation for this bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Rep. Thomas ask Mr. Doggett what problem are we addressing with this bill? Mr. Doggett said these products are not prohibited to be sold in Montana, so insurance companies, 26 companies in Montana, are offering these and there are no laws or regulations on them in Montana law as the other 48 states to control the equity side of these life insurance contracts. Rep. Thomas asked if these 26 companies are foreign to Montana? Mr. Doggett referred the question to Tanya. Ms. Ask said they are foreign corporations.

Closing by Sponsor: Sen. Regan said she hopes the committee sees fit to give the bill a do pass.

DISPOSITION OF HOUSE BILL 76

Motion: Rep. Nelson moved BE CONCURRED IN.

Amendments, Discussion, and Votes: None

Recommendation and Vote: SB 76 BE CONCURRED IN unanimously.

HEARING ON SENATE BILL 310

Presentation and Opening Statement by Sponsor:

Sen. McLane, Senate District 42. SB 310 will revise certain provisions of the Montana electronic funds transfer act.

Testifying Proponents and Who They Represent:

Mark Staples, Exxon Company USA
Jan Cool, Exxon Company USA
Bob Enke, Town Pump
Laura Pelletier, Town Pump
Jim Manion, AAA
Charles Brooks, MT Retail Association

DAILY ROLL CALL

BUSINESS & ECONOMIC DEVELOPMENT COMMITTEE

51th LEGISLATIVE SESSION -- 1989

Date 3 2 89

NAME	PRESENT	ABSENT	EXCUSED
PAVLOVICH, BOB	✓		
DeMARS, GENE	✓		
BACHINI, BOB	✓		
BLOTKAMP, ROB	✓		
HANSEN, STELLA JEAN	✓		
JOHNSON, JOHN	✓		
KILPATRICK, TOM	✓		
McCORMICK, LLOYD "MAC"	✓		
STEPPLER, DON	✓		
GLASER, BILL			
KELLER, VERNON	✓		
NELSON, THOMAS	✓		
SIMON, BRUCE	✓		
SMITH, CLYDE	✓		
THOMAS, FRED	✓		
WALLIN, NORM	✓		✓
PAUL VERDON	✓		

ROLL CALL VOTE

BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

DATE 3/2/89 BILL NO. SB 76 NUMBER _____

NAME	AYE	NAY
Bob Pavlovich		
Bob Bachini		
Rob Blotkamp		
Gene DeMars		
Bill Glaser		
Stella Hansen		
John Johnson		
Vernon Keller		
Tom Kilpatrick		
Lloyd McCormick		
Thomas Nelson		
Bruce Simon		
Clyde Smith		
Don Steppler		
Fred Thomas		
Norm Wallin		
	✓	
TALLY	16	____

Sue Pennington
Secretary

Bob Pavlovich
Chairman

MOTION: Rep Nelson moved be concurred in
Rep Nelson will carry

STANDING COMMITTEE REPORT

March 2, 1989

Mr. Speaker: We, the committee on Business and Economic Development report that SENATE BILL 76 (first reading REFERENCE copy -- BLUE) be concurred in .

Signed: _____
Robert Pavlovich, Chairman

[REP. T. NELSON WILL CARRY THIS BILL ON THE HOUSE FLOOR]

VISITORS' REGISTER

Business COMMITTEE

43 76 87

BILL NO. 150 310 DATE 3/2/89

SPONSOR Bapp-Svrcek Regan Rasmussen Bishop McLane

Please put the bill number. thanks

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Charles R. Brooks	MT Retail Assoc. Hol	SB 310	
Martin Jacobson	Bd. of Realty Reg.	SB 150	
Dlwen Cee	w helcdfy Stde Fun	SB 87	
MARY OLA MAYNARD	27 OLIVE ST HELENA	SB 87	
Jim Mahon	Helena	SB 310	
Tom Hopgood	Mont. Assoc Realtors	SB 205	
Jan Cool	Exxon Company USA	SB 310	
Bob Lake	Town Pump	SB 310	
Mark Staples	Exxon Company USA	SB 310	
LARRY AJKEY	MT ASSOC OF LIFE UNDERWRITERS	SB 76	
KATHY ANDERSON	IND. INS. AGENTS ASSOC OF MT	SB 87 SB 76	
Janet Regeth	State Auditors Office	SB 76	
PATRICK DRISCOLL	AMERICAN COUNCIL OF LIFE INSURANCE	SB 76	
GENE PHILLIPS	NAT'L ASSOC. INDEPENDANT INSURERS	SB 87	
Roger McGlenn	INDEPENDENT INS. AGENTS ASSOC. OF MT.	SB 87	
Jacqueline Terrell	Amer. Ins. Assn.	SB 87	w/amdt

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.